

AMERICAN GREAT LAKES VESSELS¹

SEC. 1521. EXEMPTION OF AMERICAN GREAT LAKES VESSELS FROM RESTRICTIONS ON CARRIAGE OF PREFERENCE CARGOES (46 App. U.S.C. 1241q (2002)).

(a) **Exemption from Restriction.** The restriction described in subsection (b) shall not apply to an American Great Lakes vessel while it is so designated.

(b) **Restriction Described.** The restriction referred to in subsection (a) is the restriction in section 901(b)(1) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241(b)(1)), that a vessel that is _

(1) built outside the United States;

(2) rebuilt outside the United States; or

(3) documented under any foreign registry;

shall not be a privately owned United States-flag commercial vessel under that section until the vessel is documented under the laws of the United States for a period of 3 years.

(c) **Subsequent Application of Restriction.** Upon the revocation or termination of a designation of a vessel as an American Great Lakes vessel, the restriction described in subsection (b) shall apply as if the vessel had never been a vessel documented under the laws of the United States.

SEC. 1522. DESIGNATION OF AMERICAN GREAT LAKES VESSELS (46 App. U.S.C. 1241r (2002)).

(a) **In General.** The Secretary shall designate a vessel as an American Great Lakes vessel for purposes of this subtitle if _

(1) the vessel is documented under the laws of the United States;

(2) the Secretary receives an application for such designation submitted in accordance with regulations issued by the Secretary under subsection (d);

(3) the owner of the vessel enters into an agreement in accordance with subsection (b);

(4)(A) the vessel is not more than 6 years old, and not less than 1 year old, on the effective date of the designation; or

(B) the vessel is not more than 11 years old, and not less than 1 year old on the effective date of the designation, and the Secretary determines that suitable vessels are not available for providing the type of service for which the vessel will be used after designation; and

(5) the vessel has not been previously designated as an American Great Lakes vessel.

(b) Construction and Purchase Agreement. As a condition of designating a vessel as an American Great Lakes vessel under this section, the Secretary shall require the person who will be the owner of the vessel at the time of that designation to enter into an agreement with the Secretary which provides that if the Secretary determines that the vessel is necessary to the defense of the United States, the United States Government shall have, during the 120 day period following the date of any revocation of such designation under section 1524, an exclusive right to purchase the vessel for a price equal to_

- (1) the approximate world market value of the vessel; or
- (2) the cost of the vessel to the owner less an amount representing reasonable depreciation of the vessel; whichever is greater.

(c) Certain Foreign Registry and Sale Not Prohibited. Notwithstanding any other provision of law, if the United States does not purchase a vessel in accordance with its right of purchase under a construction and purchase agreement under subsection (b), the owner of the vessel shall not be prohibited from_

- (1) transferring the vessel to a foreign registry; or
- (2) selling the vessel to a person who is not a citizen of the United States.

(d) Issuance of Regulations. Not later than 60 days after the date of the enactment of this Act, the Secretary shall issue regulations establishing requirements for submission of applications for designation of vessels as American Great Lakes vessels under this section.

SEC. 1523. RESTRICTIONS ON OPERATIONS OF AMERICAN GREAT LAKES VESSELS (46 App. U.S.C. 1241s (2002)).

(a) In General. Subject to subsection (b), an American Great Lakes vessel shall not be used_

- (1) to engage in trade_
 - (A) from a port in the United States that is not located on the Great Lakes; or
 - (B) between ports in the United States;
- (2) to carry bulk cargo (as that term is defined in section 3 of the Shipping Act of 1984 (46 U.S.C. App. 1702(4)) which is subject to section 901(b) or 901b of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241(b) or 1241f), or section 2631 of title 10, United States Code; or
- (3) to provide any service other than ocean freight service_
 - (A) as a contract carrier; or
 - (B) as a common carrier on a fixed advertised schedule offering frequent sailings at regular intervals in the foreign commerce of the United States.

(b) Off-Season Carriage Exception.

- (1) *In General.* Subject to paragraph (2), an American Great Lakes vessel may be used to engage

in trade otherwise prohibited by subsection (a)(1)(A) for not more than 90 days during any 12-month period.

(2) *Limitation.* An American Great Lakes vessel shall not be used during the Great Lakes shipping season to engage in trade referred to in paragraph (1).

SEC. 1524. REVOCATION AND TERMINATION OF DESIGNATION (46 App. U.S.C. 1241t (2002)).

(a) **Revocation.** The Secretary, after notice and an opportunity for a hearing, may revoke the designation of a vessel under section 1522 as an American Great Lakes vessel if the Secretary determines that_

(1) the vessel does not meet a requirement for such designation;

(2) the vessel has been operated in violation of this subtitle; or

(3) the owner or operator of the vessel has violated a construction and purchase agreement under section 1522(b).

(b) **Civil Penalty.** The Secretary, after notice and an opportunity for a hearing, may assess a civil penalty of not more than \$1,000,000 against the owner of an American Great Lakes vessel, for any act for which the designation of that vessel as an American Great Lakes vessel may be revoked under subsection (a).

(c) **Termination of Designation.** The Secretary may terminate the designation of a vessel as an American Great Lakes vessel under this subtitle upon petition and a showing of good cause for that termination by the owner of the vessel. The Secretary may impose conditions or restrictions in a termination order to prevent significant adverse effects on other United States-flag vessel operators.

SEC. 1525. ALLOCATION BASED ON LOWEST LANDED COST (46 App. U.S.C. 1241f(c) (2002)).²

SEC. 1526. STUDY AND REPORT. (46 App. U.S.C. 1241u (2002)).

(a) **Study.** The Secretary, in consultation with the Secretary of Agriculture, shall conduct a study on the implementation of this subtitle. The study shall include analysis of_

(1) the effects of that implementation on diversions of cargo to and from the Great Lakes port range and any resulting effects on the cost of transporting commodities furnished pursuant to title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1751 et seq.); and

(2) whether the authority to designate vessels as American Great Lakes vessels has increased United States-flag vessel service to Great Lakes ports.

(b) **Report.** Not later than December 31, 1994, the Secretary shall submit a report to the Congress on the findings of the study under subsection (a).

SEC. 1527. DEFINITIONS (46 App. U.S.C. 1241v (2002)).

As used in this subtitle_

(1) *American Great Lakes Vessel*. The term *_American Great Lakes vessel_* means a vessel which is so designated by the Secretary in accordance with section 1522.

(2) *Great Lakes*. The term *_Great Lakes_* means Lake Superior; Lake Michigan; Lake Huron; Lake Erie; Lake Ontario; the Saint Lawrence River west of Saint Regis, New York; and their connecting and tributary waters.

(3) *Great Lakes Shipping Season*. The term *_Great Lakes shipping season_* means the period of each year during which the Saint Lawrence Seaway is open for navigation by vessels, as declared by the Saint Lawrence Seaway Development Corporation created by the Act of May 13, 1954 (33 U.S.C. 981 et seq.).

(4) *Secretary*. The term *_Secretary_* means the Secretary of Transportation.